

SURINAME
STRENGTHENING OF REVENUE POLICY AND ADMINISTRATION II (SU-L1040)
ORIENTATION MISSION

PUBLIC EXPENDITURE MANAGEMENT III (SU-L1029)
ORIENTATION MISSION
June 9-13, 2014

AIDE MEMOIRE

Introduction

In response to the Government of Suriname (GoS) request to continue the preparation of the two policy-based programmatic loan series (PBL) "Public Expenditure Management III" and "Revenue Policy and Administration Reform II," a Bank orientation mission visited Paramaribo over the period of June 9-13, 2014. The mission team, led by Leslie Harper (IFD/FMM), was comprised of Rinia Terborg-Tel (FMP/CSU); Lucas Hoepel (CCB/CSU); Daniel Sanchez (IFD/FMM) and Peter Poulin (independent consultant).

The mission team held discussions with the following officials of the Ministry of Finance (MoF): Andojo Rusland, Minister of Finance; Liane Halfhide, Permanent Secretary of Finance; Cornelius A. van Dijk, Permanent Secretary of Taxes and Customs; Marita Wijnerman, Head Fiscal Affairs Indirect Taxes; Aruna Rampersad, Head Fiscal Affairs Direct Taxes; Joan Makhantal-Veldhuizen, Inspector Direct Taxes; Glenn Kartopawiro, Customs Official; Charmaine Felter Chairman of the Rekenkamer; Reggie Resida Chairman of the CLAD; Cinthia Ramdin, Senior Sector Coordinator of Development Finance; and Sagita Jaggan, Coordinator Joint Desk.

In addition, a meeting was held with the Vice President of Suriname, Robert Ameerali and e-Government Chairman, Rahid Doekhie to discuss advances being carried out by the Cabinet of the Vice President in the area of e-transactions and electronic government procurement (e-GP).

Acknowledgement

On behalf of the Bank, the mission team would like to acknowledge the work that the officials of the GoS have been carrying out regarding these two important reforms. Progress in both revenue and expenditure functions was evidenced in the majority of activities identified since the IDB Team's last mission in February, 2014.

Mission activities

With regard to the two programmatic loan series the mission team together with the authorities from the MoF:

- Reviewed the status of conditions and their estimated completion dates for the two programmatic series SU-L1040 and SU-L1029.

- Reached agreement on main activities for technical cooperation program SU-T1069 that supports both operations and is currently under preparation.

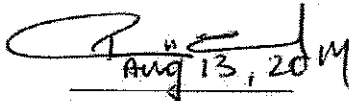
Results

The mission had the following results related to the programmatic loan series "Revenue Policy and Administration Reform II" (SU-L1040):

- The GoS and the Bank established a timeline for completion for each individual condition (see follow-up table attached).
- The GoS has indicated that they will submit a legislative package to the Council of Ministers (COM) in July 2014, with the objective of submitting it to State Council (SC) after approval. The submission of the legislative package is key, as it includes multiple policy conditions of the PBL operation.
- The MoF and the Bank agreed on the specific activities for the technical assistance program under preparation. The MoF requested that the Bank execute the program, as the DoTC would rather concentrate on the technical aspects of the project that are directly related to the reforms being carried-out and ease the administrative burden they have.
- The GoS requested IDB support to finance technical visits from CIAT specialists to review technical specifications for a tax solution for the DoTC.

The mission had the following results related to the programmatic loan series "Public Expenditure Management III (SU-L1029)":

- The MoF informed the Bank that the GoS has decided to take a different approach to procurement reform and include the critical aspects for public procurement in the Budget Law and the e-Transactions Law, rather than in dedicated procurement legislation. The MoF and the e-Government Office within the Cabinet of the Vice President agreed to provide copies of the aforementioned draft laws for IDB review.
- The Bank, based on the above, has committed to provide the MoF with recommendation for articles to be included in the Budget Law in order to reflect best practices in public procurement (value for money, accountability and fair competition).
- The GoS has indicated that they will submit a Budget Law to Parliament in October 2014. The submission of the Act is key, as it includes multiple policy conditions of the PBL operation.



Andojo Rusland
Minister of Finance
Government of Suriname



Leslie Harper
Modernization of the State Specialist
Inter-American Development Bank



Marco Nicola
IDB Representative
Inter-American Development Bank

FOLLOWUP TABLE – CAPITAL PUBLIC EXPENDITURE III (SU-L1029)

CONDITION	STATUS	EST. COMPLETION
Component I: Public Investment Management		
(1.11) Regulatory framework establishing a mechanism for identification, selection, budget allocation, monitoring and evaluation of public investment projects, approved by MoF and legally in effect.	Regulatory framework implemented	COMPLETED
(1.12) All new investment projects that are submitted for MoF approval (i) are in accordance to the strategic selection criteria as defined in the methodologies and (ii) have a previous economic evaluation.	This condition is included in the new Budget Law, consultations delayed, currently at the CoM.	Submission to Parliament Late October, early November 2014
(1.13) Budget circular that provides instructions on allocating funds to maintain infrastructure, issued by the MoF.	This condition is included in the new Budget Law. When the Budget law is submitted to Parliament, it will be considered complied with.	Submission to Parliament Late October, early November 2014
(1.14) Instruction mandating the publication in the MOF web site of reports on individual projects relative to their implementation plans, issued by the MOF.	This instructions will be issued as part of the Budget Circular.	June, 2014
Component II: Public Procurement		
(2.8) Legislative proposal for Public Procurement, submitted to the National Assembly and Operating Regulations issued by the MOF.	The authorities have indicated that they will not be submitting this legislation to the Parliament by the end of the year.	-----
(2.9) Financial instruction establishing that all contracts above the established threshold use standard bidding documents for their procurement processes, issued by the MOF.	The MoF will review if this condition is included in the Budget Law, if not the MoF could issue this instruction.	October, 2014
(2.10) All public entities are complying with the posting of information in the public procurement portal.	The MoF informed that work on the procurement module has begun and a consultation workshop is planned for early July. The purchasing module has already been implemented.	October, 2014
Component III: Public Financial Management and Audit		
(3.7) Core actions defined in the PFM reform strategy under implementation. The actions will address main weaknesses	COMPLETED	COMPLETED

in the areas of budgeting, cash management, accounting, and reporting.		
(3.8) Budget Law proposal submitted to Parliament.	The MOF indicated that the new budget law could be submitted to the Parliament by October 2014.	October, 2014
(3.9) Implementation of an improved FMIS, initiated.	COMPLETED	COMPLETED
(3.10) Core actions defined in the strategic plans of the CLAD and Rekenkamer, under implementation.	Core actions defined in the CLAD and Rekenkamer action plans are under implementation.	October, 2014
(3.11) Formal mechanism to follow up audit recommendations, issued by the CLAD. The mechanism includes the establishment of: (i) a communication channel between CLAD and the ministries' internal audit units; and, (ii) procedures to inform CLAD on actions taken by ministries to address recommendations contained in audit reports.	This condition is reflected in the Budget Circular.	COMPLETED

FOLLOWUP TABLE – REVENUE POLICY AND ADMINISTRATION II (SU-L1040)

CONDITION	STATUS	EST. COMPLETION
Component II Tax Policy		
(2.10) That a legislative proposal for Tax Collection presented to the State Council.	Undergoing discussions with collectors. On track for submission of legislative package to CoM. Upcoming elections might cause delays in approval, date moved to September.	Submission to SC September 2014
(2.11) That a legislative proposal for the restructuring of the Directorate of Taxes and Customs presented to the CoM.	Under preparation, on track for completion	October 2014
(2.12) That income Tax and Wage Tax technical amendments are presented to the State Council.	Undergoing stakeholder consultations. Part of legislative package.	Submission to SC September 2014
(2.13) That a legislative proposal for the introduction of VAT is presented to the CoM.	On track for completion. Part of legislative package.	Submission to SC September 2014
(2.14) That a proposal for Customs Act is presented to the State Council.	Undergoing stakeholder consultations. Part of legislative package.	Submission to SC September 2014
(2.15) That a legislative proposal for a revised Entertainment Tax is presented to the State Council.	Undergoing stakeholder consultations. Part of legislative package.	Submission to SC September 2014
(2.16) That draft legislation for the consolidation of 4 excise tax acts into one Excise Tax Act is approved by the MoF.	Approved by DOTC.	COMPLETED
(2.17) Lottery Tax Act is presented to Parliament.	Approved by CoM and State Council and presented to Parliament	COMPLETED
(2.18) Income tax on insurance companies Act presented to Parliament.	Approved by CoM and State Council and presented to Parliament	COMPLETED
(2.19) Draft legislation for Gold Tax approved by the MoF.	Approved by the DOTC	COMPLETED
(2.20) Increase royalties for small mining operations to 2%.	On track for implementation	July, 2014
Component III Tax Administration		
(3.8) That the first phase of consolidated tax payer service center is implemented.	First phase completed. Head of department identified.	COMPLETED
(3.9) That amendments introducing a self-assessment system for the Wealth	Undergoing stakeholder consultations. Requires approval by CoM. Part of	Submission to SC

Tax are presented to the State Council.	legislative package.	September 2014
(3.10) That a training program for VAT implementation is in progress.	2 year training program started.	COMPLETED
(3.11) That the procurement process for an IT solution is carried-out, including publication of a request for proposals (RFP), evaluation of firms and selection of provider is approved by the DOTC.	RFP ready to be published. CIAT will provide assistance for pre-selection of firms and evaluation of proposals.	RFP June, 2014 Pre-selection July, 2014 Eval. August, 2014
(3.12) That a Ministerial Resolution (Ministeriele Beschikking) for the extension of the Excise Stamp Tax on Vodka is issued.	On track for completion	July, 2014
Component IV Customs Administration		
(4.6) That a Business Processes Reengineering for the Customs Department is completed.	Under preparation	October, 2014
(4.7) That ASYCUDA World is implemented and in use by staff.	The first phase of ASYCUDA World is fully implemented. ASYCUDA World is in use by staff in one district of Surinam and that is the district Nickerie, where customs declaration can be electronically submitted to Customs to clear goods.	COMPLETED
(4.8) That data sharing protocols between ASYCUDA World and relevant government systems are in place.	Under preparation. The first phase will be completed with the Ministry of Trade.	November, 2014
(4.9) That new customs officers are hired and deployed.	The new customs officers have been selected, they will be formally hired and deployed by September.	September, 2014
(4.10) That a Customs Special Operations Team is deployed.	The Customs Special Operations team has been hired, they are currently being trained and will be deployed by May.	COMPLETED